

**From:** Mortelliti, John H. </O=CVS/OU=HQ/CN=RECIPIENTS/CN=JHMORTELLITI>  
**To:** Richmond, Ron; Sanitate, Richard G.; Forster, Matthew  
**Sent:** 9/1/2010 10:54:40 AM  
**Subject:** FW: DEA Speaking Points  
**Importance:** High  
**Attachments:** DEA Speaking Points IRR.ppt

This updated version was approved by counsel.

DEA in Orlando today and we just found out they were back in Indy yesterday as well as today.

*John Mortelliti*  
*Logistics Loss Prevention*  
*(609) 267-6700 #6801*

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**From:** Mortelliti, John H.  
**Sent:** Wednesday, September 01, 2010 10:53 AM  
**To:** Jarnagin, Marvin R.; Hinkle, Pam J. (PJHinkle@cvs.com); Humphries, Sean J.; Turks, Clarence  
**Cc:** Byers, Denise; Bachofen, Matthew S.  
**Subject:** FW: DEA Speaking Points  
**Importance:** High

Team,

These are the final approved speaking points for the DEA agents if they come to one of your facilities and question suspicious monitoring. It is ok to share this document. Please be sure your team understands it before presenting so it doesn't look like a prop instead of a tool.

I included Marvin because DEA will be there today as well.

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**From:** Mortelliti, John H.  
**Sent:** Wednesday, September 01, 2010 10:46 AM  
**To:** Dugger, Terrence; Humphries, Sean J.  
**Subject:** FW: DEA Speaking Points  
**Importance:** High

Terrence

This is for the DEA. The corrections listed below have been updated. It is ok to review this with the agents.

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PLAINTIFFS TRIAL  
EXHIBIT  
**P-10245\_00001**


Suspicious Order Monitoring  
for PSE/Control Drugs

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Summary of Key Concepts and Procedures

August 27, 2010


## CVS Suspicious Order Monitoring

- CVS has implemented several policies and procedures to identify and investigate potential suspicious orders:
  - Stores are limited in how much PSE/EPH/Control Drugs may be ordered
  - An Inventory Review Report has been developed to identify potential excessive orders
  - DC RX and Loss Prevention have been tasked with review and investigation of potential suspicious orders from the DC to the stores

<h2>Purpose of Inventory Review Report (IRR)</h2>	

CVS has created a IRR for PSE/EPH and for Controlled drugs to:

- ☐ Assist in detection of potential suspicious orders
- ☐ Prevent diversion of PSE/EPH/Control Drug Products
- ☐ Proactive approach to detect or debunk PSE/EPH/Control Drug theft

*\*CTS does not provide drugs to third party clients and/or independent operators. CTS has placed limits on all PSE/EPH and Control Drug orders\**

**What is a PSE IRR**

- Report based on 4 formulas used to determine potential suspicious orders
  - Current order deviation from 6 month avg
  - Current order deviation from 12 month avg
  - Deviation of current order from historic ordering behavior
  - Deviation of current order from previous 2 months and months 11 and 12 (4 month average)


## What is a Control Drug IRR

- Report based on 6 formulas used to determine potential suspicious orders
  - Current order deviation from 6 month avg
  - Current order deviation from projected order based on historical average
  - Detects if GNC is subject to frequent ordering
  - Detects an increasing trend in ordering behavior
  - Detects if GNC has been ordered in past 2 months
  - Determines if GNC order is less than or equal to 6 month maximum

PSE/Control Drug IRR Review

- ☐ MTD – Month To Date
- ☐ LAG – last month orders are LAG 1. One year ago is LAG 12. (Control Drug IRR uses 6 month LAG)
- ☐ PSE/EPH quantity is represented in grams (not by item)
- ☐ Control Drug quantity is represented by individual item

## Responsibilities

- ☐ DC RX -- Review Report (IRR) Daily and determine whether variances are within acceptable ranges
- ☐ Communicate variances that require additional review to the Viper Analyst
- ☐ Viper Analyst determines if report warrants further investigation and communicates decision to DC RX
- ☐ DC RX files information with DC copy of IRR
  - Determination of suspicious order - Director of Logistics Loss Prevention notifies DEA and conducts investigation; no further shipments of the product to the store until the matter is resolved
  - No suspicious order - Attach documentation to IRR report and file

What to consider when determining if a PSE/EPH order is potentially suspicious

- ☐ Was there a “Peak Til” or “Push”? – DC RX will have this information
- ☐ Is it allergy season?
- ☐ What is the stores inventory levels?
- ☐ How many actual grams were ordered?
  - Although there are formulas, it doesn’t take much to flag a low volume store order.
  - Ex. There are 3.6 grams of PSE in Clariton D 30 ct. A store order of 6 boxes would result in 21.60 grams just for that one item order


What to consider when determining if a Control Drug order is potentially suspicious

- ☐ Control Drugs are not commonly “Pushed” as a sale item
- ☐ Control Drugs do not have a “Seasonal” increase in most cases
- ☐ How many items does the store have on the IRR
- ☐ If more than one item on IRR, are the items in the same category (pain, anxiety, etc)

## FAQ

- Why is the DC responsible to review suspicious orders?
  - The DC as a separate DEA registrant is responsible for products shipped from the facility
  - DEA regulations require all distributors to report suspicious orders
  - Therefore the DC must review the orders of PSE/EPH/Control Drugs and initiate an investigation because the DC is the entity that picks and distributes the product.

## FAQ continued

- Can the DC RX Supervisor supply item order information?
  - Yes – The DC RX team will first forward the info to the Viper Analyst to determine whether there is a legitimate reason for the order. Further investigation should include a review of the list if items ordered. Control Drugs are already broken down by item

## FAQ continued

- How long does the Viper Analyst have to follow up with the DC RX Dept?
  - It is the policy that the decision as to whether to conduct an investigation thus triggering a report to DEA be made on the same day as the variance is flagged.
  - The DC should hold the order or request a return of the order from the store if a determination is made that the order was not for a legitimate reasons.
  - Future shipments to the store of this product should be held until the matter is investigated and resolved.

## FAQ continued

- Why can't we have one set standard for initiating an investigation?
  - There are several factors that can attribute to a store ordering high qty of PSE and/or Control Drugs. (Local competitor closes, vendor coupons for specific items, etc)
  - Variance must be investigated to determine whether the order is excessive or outside the norm for that store and stores of similar size